



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



May 3, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**ADVANCE NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE
NEGOTIATIONS WITH CERNER CORPORATION FOR
AMENDMENT NUMBER SIX TO AGREEMENT NUMBER 71710 TO ADD
REMOTE HOSTING PREPARATION AND READINESS SERVICES
OF THE JAIL HOSPITAL INFORMATION SYSTEM**

SUBJECT

This letter provides advance notification to your Board that the Los Angeles County Sheriff's Department (Department) intends to enter into negotiations without engaging in a competitive solicitation process for Amendment Number Six (Amendment) to Agreement Number 71710 (Agreement) with Cerner Corporation (Cerner) for the addition of remote hosting preparation and readiness services, continued maintenance services, and an additional extension period that will increase the maximum contract sum by approximately \$1,471,000.

BACKGROUND

In October 1997, the Department issued a Request For Proposals for a Jail Hospital Information System (JHIS), under which Cerner was the selected vendor. On August 11, 1998, your Board approved the Agreement with Cerner. JHIS was subsequently implemented in three phases and has been successfully operating for over ten years.

There have been five prior amendments to the Agreement. Amendment Number One was approved on August 11, 2003, reflecting changes to system components and

A Tradition of Service

extending maintenance services. Amendment Number Two was approved on March 14, 2006, providing expanded functionality, extending maintenance services, and increasing the maximum contract sum from \$26,074,305 to \$37,211,098. Amendment Number Three was approved on March 18, 2008, providing for an assessment of the JHIS application's ability to support the needs of the Los Angeles County's (County) Probation Department, an upgrade of JHIS at the Department, and increasing the maximum contract sum by \$950,000 to \$38,161,098.

Amendment Number Four, effective as of February 17, 2010, incorporated revisions to the Health Insurance Portability and Accountability Act by the Health Information Technology for Economic and Clinical Health Act. Amendment Number Five was approved on June 1, 2010, and transferred 800 licenses to the Probation Department's Probation Electronic Medical Records System (PEMRS). There was no increase to the maximum contract sum for either Amendment Number Four or Amendment Number Five.

SOLE SOURCE JUSTIFICATION

The Department believes that it is in the County's best interest to transition JHIS from being locally hosted at the Department's Data Center to being remotely hosted by Cerner at its data centers to support an upgraded JHIS application and meet the evolving business needs of the Department. JHIS is a mission-critical application that is currently at risk for failure in the Department's Data Center's outdated hardware and software environment. Additionally, this outdated environment is not capable of handling the implementation of several JHIS software releases to which the County pays for and is entitled under the Agreement, and the additional functionality necessary to meet the evolving business needs of the Department.

The proposed Amendment will engage Cerner to provide services needed to prepare for an eventual transition of JHIS to being remotely hosted by Cerner. Concurrently, with Cerner's performance of these services, the Department will prepare a replacement agreement for submission to your Board once JHIS is ready to be transitioned to the remote hosting environment. In addition, it will allow Cerner to continue providing maintenance services on its proprietary JHIS software.

Currently, Cerner provides remote hosting services to over 250 of their worldwide clients representing 65 percent of the client base. The Probation Department's PEMRS, approved by your Board on June 1, 2010, is a remote-hosted Cerner system. Remote hosting provides the Department with a number of advantages: a more predictable level of annual expenditures and avoidance of periodic capital investments to upgrade the Department's Data Center to accommodate new releases, additional application modules, and operating platform obsolescence; improved disaster recovery capability from what is currently available in the Department's Data Center, with a highly available

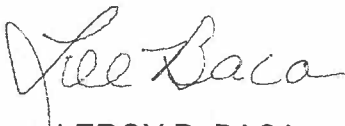
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system and less planned downtime; avoidance of ongoing operational costs associated with staff training and technical support of this complex health care system; the ability of the Department to more readily take advantage of new software upgrades and additional application modules; and better scalability to support more users.

The Chief Information Office has reviewed and concurs with this Sole Source approach.

Pursuant to Board policy, the Department will engage in Sole Source negotiations with Cerner in two weeks, unless otherwise instructed by your Board. Should additional information be requested, your staff may contact Manager Angelo Faiella, Contracts Unit, at (323) 526-5183.

Sincerely,

A handwritten signature in cursive script that reads "Leroy D. Baca". The signature is written in dark ink and is positioned above the printed name.

LEROY D. BACA
SHERIFF